



September 25, 2014

Ms. Kathleen H. Johnson
Director, Enforcement Division
U.S. Environmental Protection Agency
75 Hawthorne Street
San Francisco, CA 94105
Attn: Cynthia Steiner (ENF-2-1)

Re: Con-way Truckload Inc.'s Response to U.S. Environmental Protection Agency's ("EPA")
Letter Regarding Con-way Truckload's Compliance Status Related to
California Air Resource Board's ("CARB") "Truck and Bus Regulation"

VIA OVERNIGHT DELIVERY

Dear Ms. Steiner:

In regard to the above referenced matter and in response to the request for information dated June 16, 2014 (hereinafter referred to as the "Letter"), this correspondence and Statement of Certification will serve as Con-way Truckload Inc.'s (hereinafter "Con-way Truckload" or the "Company") response thereto.

Con-way Truckload received the Letter on or about June 20, 2014, making the original due date for submitting this response August 4, 2014. The Company was granted an extension for filing this response until September 4, 2014, via an e-mail from Mr. Daniel Reich with EPA on August 14, 2014, and was granted a second (2nd) extension for filing this response until September 25, 2014, via a subsequent e-mail from Mr. Reich dated September 2, 2014. See Exhibit A (September 2, 2014 email from Mr. Reich).

Con-way Truckload sincerely appreciates the additional time allowed for submitting this response. If you have any questions or desire any additional information, please direct all future correspondences and communication directly to my attention as counsel for Con-way Truckload to the letterhead address and telephone number provided below.

I. PRELIMINARY STATEMENT AND BACKGROUND

Con-way Truckload encountered a number of challenges in compiling the data in response to EPA's Letter. Con-way Truckload runs a "mixed" fleet of Company vehicles (vehicles owned by Con-way Truckload) and independent contractor vehicles (vehicles used by Con-way Truckload pursuant to the terms of a Contract Hauling Agreement, a representative copy of which has been included with this correspondence). See Exhibit B.

Drivers assigned to Company vehicles are employees of Con-way Truckload, while drivers assigned to independent contractor vehicles are independent contractors of Con-way Truckload. For the period of EPA's inquiry, January 1, 2012, through June 16, 2014, Con-way Truckload utilized engines from six (6) different engine manufacturers (Caterpillar®, Cummins®, Volvo®, Detroit®, PACCAR MX®, and Navistar Maxxforce®) and trucks from five (5) different manufacturers (Kenworth®, Freightliner®, Volvo®, Peterbilt®, and Navistar®) in its combined fleet of Company owned and independent contractors' vehicles.

In preparing its response to the Letter, Con-way Truckload ran queries (electronic searches) to retrieve data for all vehicles that were driven to, from, or through the state of California between the dates of January 1, 2012, and June 16, 2014, the date of the Letter, as instructed for Requests ## 12, and 14. As part of its queries, the Company was able to retrieve the vehicle identification number ("VIN" or "serial number") for each vehicle. This information was dumped into spreadsheets and sorted by vehicle manufacturer, which were sent to each respective manufacturer so that the engine serial numbers for each engine could be retrieved; based upon the serial number, the respective vehicle and engine manufacturers provided the "engine model year" and "engine family" information as requested. Consequently, gathering this information was a significantly labor intensive and time consuming process which required the assistance of several third (3rd) parties, hence the need for two (2) requests for extensions of the deadline for Con-way Truckload to submit its response to the Letter.

In addition to the information provided herewith, Con-way Truckload respectfully takes a moment to offer relevant and additional background about our company and its efforts to comply with the Truck and Bus Regulations requirements promulgated by CARB.

First and foremost, Con-way Truckload's fleet is currently in compliance with CARB Truck and Bus Regulation. Con-way Truckload has been issued an active Self-Certification Using Engine Model Year Schedule Truck and Bus Regulation which is valid until December 31, 2014 (see attached Exhibit C). Consistent with current statutory and regulatory requirements, Con-way Truckload is proud that currently 100% of its Company owned fleet is in compliance with CARB's requirements (even though only a small percentage of the fleet actually operates in California).

Con-way Truckload has been an EPA SmartWay® Transport Partner since 2005 and since that time, has received two (2) EPA SmartWay Excellence Awards – in 2006 and 2007 (See attached Exhibit D). This recognition confirms the Company's superior performance in meeting its commitment to reduce transportation-related emissions. It also illustrates Con-way Truckload's diligence in working with the EPA to reduce and minimize the environmental impact of its operations. Some of the other fuel-saving/environment-enhancing measures adopted by the Company include the following:

- (1) Equipping 100% of the 2,530 trucks in its Company-owned fleet with fuel efficient, single wide-base tires, resulting in an improvement of 0.2 miles per gallon in the Company's fleet-wide average fuel efficiency vs. traditional dual tire configurations;
- (2) Lowering the weight of each truck in its Company-owned fleet by more than 670 pounds through various specification changes, resulting in a savings of over 11,000 gallons of diesel fuel consumed per year;
- (3) Using special engine and drive train lubricants to maximize operating efficiency;
- (4) Equipping the entire Company-owned fleet of trucks with highly engineered, aerodynamic body panels and fairings to reduce drag and improve fuel efficiency;
- (5) Reducing engine idling time through a variety of measures, including utilizing diesel-fired bunk heaters and commercial transponders for bypassing weigh stations, as well as increasing the use of team drivers and designating convenient "no idling" areas at Company owned terminal facilities. In addition, at the Company's Laredo, TX, terminal, where daily summer time high temperatures typically average over 100 degrees Fahrenheit, Con-way Truckload has partnered with IdleAire® to install 19 bays in which Con-way Truckload drivers can hook their assigned trucks to air conditioning units powered with electric shore power which eliminate the need for the driver to idle his/her truck to stay cool. The cost of operating these units is borne

exclusively by the Company at an average annual cost of over \$100,000. This project is a pilot/test, that if successful, could result in installations of similar facilities at the Company's other terminals; and

(6) Recycling used trailers and refurbishing them for return to the fleet through Con-way Manufacturing Inc.®, an affiliate company, rather than buying new trailers.

As of the date of this response, Con-way Truckload has equipped 2/3 of its trailer fleet of approximately 8,000 trailers with SmartWay® approved aerodynamic devices, at a total capital expenditure to date in excess of \$6.9 Million. The Company's efforts in this regard have consisted both of retrofitting existing trailers and equipping all new trailers from the factory with approved aerodynamic dynamics. Based upon current projections, Con-way Truckload should have 100 percent of its trailer fleet equipped with approved aerodynamic devices by the end of the first (1st) quarter of 2015, well in advance of CARB's required deadline for completion of the end of 2015, at a total capital expenditure of in excess of \$8.5 Million.

In an effort to keep its truck fleet in compliance with all state and federal emissions requirements and operating as efficiently as possible, Con-way Truckload operates on a three (3) year trade cycle for trucks, meaning that at any given time, the oldest trucks in its fleet should be no more than three (3) years old. To that end, since 2009, as of the end of this year, the Company will have invested over \$485 Million to purchase over 3,800 new trucks, in order to insure that it is doing all that it can to reduce transportation related emissions. These trucks are equipped with the most advanced emission reducing engines available on the market today, utilizing selective catalytic reduction ("SCR") technology and a liquid only diesel exhaust fluid ("DEF") delivery system; for example, in 2014, Con-way Truckload's truck purchases will include 210 Freightliner Cascadia Evolution® trucks equipped with a number of aerodynamic enhancements, lower weight parts, and Optimized Idle®, which restricts engine idling while the ambient air temperature is within a prescribed temperature range. The 2014 model year trucks in its Company-owned fleet achieve an average miles per gallon that is 11% better than the 2010 model year trucks in its fleet. Con-way Truckload has continued to upgrade its truck fleet since 2009, despite the fact that it was struggling to navigate through, and recover from, one of the worst economic downturns in U.S. history.

In an effort to train its drivers in the most fuel efficient driving techniques, Con-way Truckload has implemented FuelOpps® by Propel IT (hereinafter referred to as "FuelOpps®"). FuelOpps® automatically collects data from the Omnitrac® system, Con-way Truckload's mobile communication/telematics provider, and rates each individual driver's level of fuel efficiency with a numeric score. FuelOpps® provides individual coaching to each driver whose score(s) fall below a certain prescribed threshold or upon request from a driver regardless of his/her score. Factors taken into account in rating/assessing each driver's overall FuelOpps® score include speed control, shifting patterns within optimal and/or preferred engine revolutions per minute ("RPM") bands, engine idle percentage (percentage of time at which a driver's assigned truck's engine is running without the truck moving), and out of route mile percentage. Con-way Truckload allows drivers to accumulate reward points based upon their FuelOpps® scores, which they may redeem for prizes. The Company is in its first (1st) year of using FuelOpps®, at a projected annual cost in excess of \$900,000.

II. SPECIFIC RESPONSES

With this background, Con-way Truckload hereby responds to the categories of information as described in the Letter, as follows:

Response to Question 1:

Con-way Truckload has no vehicles in its current fleet responsive to this Question that were driven in California from January 1, 2012 to the date of EPA's letter.

Response to Questions 2 through 6:

Based on Con-way Truckload's response to Question #1, Question ## 2 through 6 are inapplicable.

Response to Question 7:

Con-way Truckload has no vehicles in its current fleet responsive to Question #7.

Response to Question ##8-11:

Based on Con-Way Truckload's response to Questions 1 and Question 7, these Questions are inapplicable.

Responses to Question ##12 -13:

Con-way Truckload has no vehicles in its current fleet responsive to Question #12. Based on Con-way Truckload's response to Question #12, Question 13 is inapplicable.

Responses to Question ##14-15:

In addition to its Company-owned fleet of vehicles, Con-way Truckload utilizes the services of independent contractors who own their own trucks and lease them to the Company pursuant to the terms of a Contract Hauling Agreement, a representative sample of which is attached hereto as Exhibit B.¹

There were a total of 233 independent contractor vehicles leased by Con-way Truckload which were driven to, from, or through the state of California between January 1, 2012, and June 16, 2014 (the date of the Letter), with a GVWR greater than 26,000 lbs. and an engine model year prior to 2007.

With respect to each independent contractor-owned truck which meets the aforementioned criteria, Con-way Truckload has provided the name of the owner each said truck, his/her phone number, and his/her mailing address on the tab labeled "For Lease" on the spreadsheet saved on the attached disc. In addition, on said tab, the Company has also provided the license plate number and VIN for each said independent contractor truck, and has also indicated that it is not the owner of any of said trucks. As explained to EPA in the attached letter from legal counsel, Con-way Truckload is not the owner of these vehicles. See Exhibit E.

¹ Solely for purposes of this EPA Letter, we are responding to this Question as if our arrangements with the independent contractors are "lease" agreements. Please see Exhibit E, a letter to EPA from our legal counsel, Hanson & Bridgett.

Of the aforementioned 233 independent contractor vehicles, only 84 are still actively operating under a Contract Hauling Agreement with Con-way Truckload. As such, Con-way Truckload cannot guarantee the accuracy of the contact information for the 149 vehicle owners who no longer have active Contract Hauling Agreements with the Company. The contact information for those vehicle owners was accurate as of the date on which their Contract Hauling Agreements with Con-way Truckload were terminated.

If you have any questions, please contact me at the telephone number or email address provided below.

Respectfully submitted,

CON-WAY TRUCKLOAD INC.



Troy A. Robertson
Chief Counsel

Enclosures/Attachments